
Introduced by Senator Alarcon

February 20, 2003

An act to add Sections 559 and 1197.2 to the Labor Code, relating to employee wages and working hours.

LEGISLATIVE COUNSEL'S DIGEST

SB 573, as introduced, Alarcon. Employee wages and working hours: violators.

Existing law attributes various duties and requires private employers to perform certain activities with regard to employee wages and working hours.

This bill would require the Labor Commissioner to develop and implement a set of standards that, if met by an employer, will trigger recommendation for an audit by appropriate state tax authorities of employers in violation of statutes relating to employee wages and working hours. After July 1, 2004, this bill would require the Labor Commissioner to notify appropriate state tax authorities each time the set of standards is met by an employer, to recommend that employers who meet the set of standards be audited, and to create a list of employers who have met the set of standards, with certain information concerning those employers.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 559 is added to the Labor Code, to read:
- 2 559. (a) The Labor Commissioner, in consultation with the
- 3 Franchise Tax Board and the Joint Enforcement Strike Force on

1 the Underground Economy, shall, by July 1, 2004, develop and
2 implement an appropriate set of standards that, if met by an
3 employer, will trigger recommendation for an audit by appropriate
4 state tax authorities of employers in violation of this chapter. The
5 set of standards shall take into account, among other things, the
6 severity and number of violations committed by an employer.

7 (b) After July 1, 2004, the Labor Commissioner shall take all
8 of the following actions with respect to an employer who has met
9 the set of standards developed by the Labor Commissioner
10 pursuant to subdivision (a):

11 (1) Notify the appropriate state tax authorities each time the set
12 of standards is met by an employer.

13 (2) Provide the appropriate state tax authorities with the name
14 of the employer and all relevant and necessary information
15 regarding the violations.

16 (3) Make a recommendation to the appropriate state tax
17 authorities that the employer be audited.

18 (c) The Labor Commissioner shall compile a list of referrals
19 made to the appropriate state tax authorities under subdivision (b)
20 on an annual basis. The list shall specify the name and tax
21 identification number of each employer and the nature of the
22 violations.

23 SEC. 2. Section 1197.2 is added to the Labor Code, to read:

24 1197.2. (a) The Labor Commissioner, in consultation with
25 the Franchise Tax Board and the Joint Enforcement Strike Force
26 on the Underground Economy, shall, by July 1, 2004, develop and
27 implement an appropriate set of standards that, if met by an
28 employer, will trigger recommendation for an audit by appropriate
29 state tax authorities of employers in violation of this chapter. The
30 set of standards shall take into account, among other things, the
31 severity and number of violations committed by an employer.

32 (b) After July 1, 2004, the Labor Commissioner shall take all
33 of the following actions with respect to an employer who has met
34 the set of standards developed by the Labor Commissioner
35 pursuant to subdivision (a):

36 (1) Notify the appropriate state tax authorities each time the set
37 of standards is met by an employer.

38 (2) Provide the appropriate state tax authorities with the name
39 of the employer and all relevant and necessary information
40 regarding the violations.

1 (3) Make a recommendation to the appropriate state tax
2 authorities that the employer be audited.

3 (c) The Labor Commissioner shall compile a list of referrals
4 made to the appropriate state tax authorities under subdivision (b)
5 on an annual basis. The list shall specify the name and tax
6 identification number of each employer and the nature of the
7 violations.

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